

Human Resources Management

Basic Stance

Human resources are the most important management resource, and securing highly motivated and capable personnel is the foundation of business operations. In addition, our business environment has become more complex and sophisticated. In these circumstances, it has become extremely important to secure personnel with broad knowledge and diverse skills, and to conduct training so that employees can maximize their abilities.

Against this backdrop, the Corporate Business Plan (FY2022–2024) sets forth one of its basic policies as promoting the securing and development of human resources from a long-term perspective and achieving sustainable growth through enhanced engagement.

Based on this policy, we are strengthening our recruitment capabilities dramatically while steadily running the current personnel system and promoting training based on the basic philosophy of “growth and development.” We are also working to create an environment in which diverse personnel can work healthily and energetically.

Human Resources System Initiatives

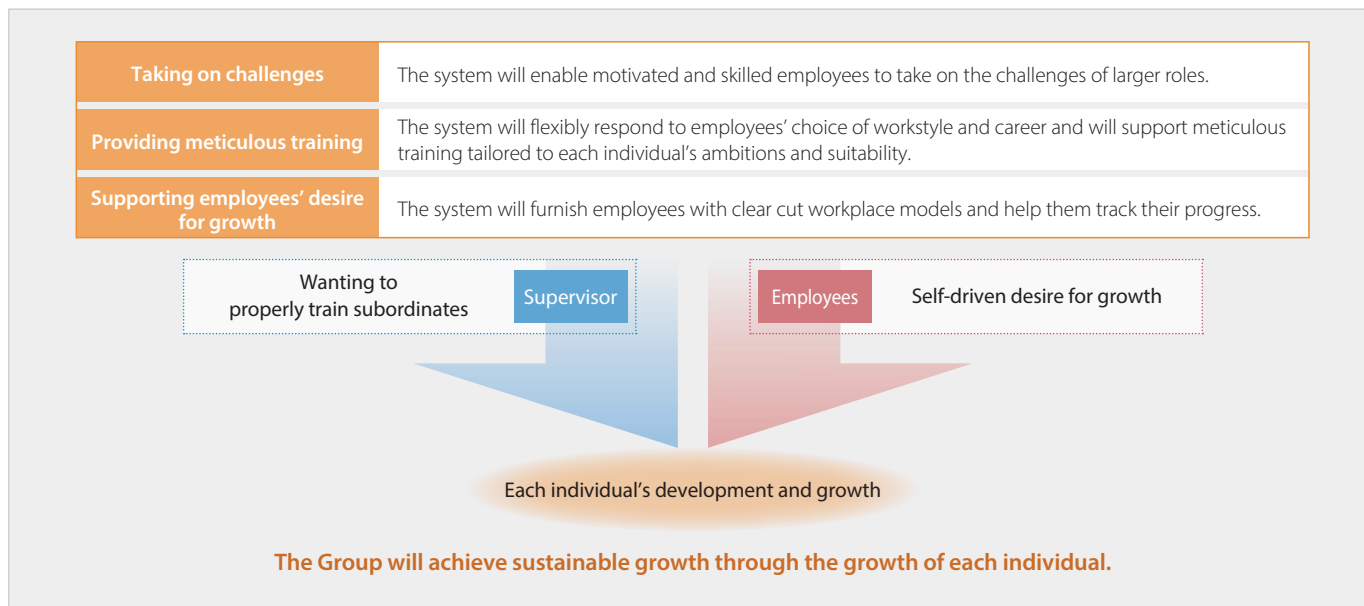
Sumitomo Chemical engages with its employees through a human resource system that takes account of the results individuals achieve in their roles, depending on the scale of their responsibilities, along with the abilities they employed and their actions in the process. The system enables those willing and capable employees to aspire to higher roles at an early stage, and to build their self-motivated desire to grow in their career process.

Accordingly, our annual performance evaluations are not limited to evaluating how well each employee fulfills their expected role and their achievements; it also evaluates how well said employee demonstrates their ability and acquires the knowledge and skills needed. The system thus contributes to individual growth and development without overly focusing on short-term achievements.

Managers talk with all their subordinates on a regular basis to review their performance and objectives and to provide feedback on their behavioral advantages and areas for improvement. In the interviews, they also discuss future job expectations and career paths in an effort to increase their motivation and abilities.

Moreover, we have adopted a similar human resources system for managers at overseas Group companies to that for Sumitomo Chemical’s managerial employees. We are working to develop personnel on a global level and provide opportunities for advancement.

Philosophy and Aims of the Human Resources System



Characteristics of Our HR Systems

(1) Career Development Fields (CDFs)

To encourage the development and growth of each employee amid a time of diversifying ideas about career trajectories, we have incorporated career development fields (CDFs) into our HR systems. We decided to do this because we understand the importance of implementing from the medium- to long-term perspective placements and training in line with each employee's ability and suitability as well as based on their career goals. Planned placements and training are promoted in line with each employee's career goals, and employees are encouraged to take the reins when thinking about their careers.

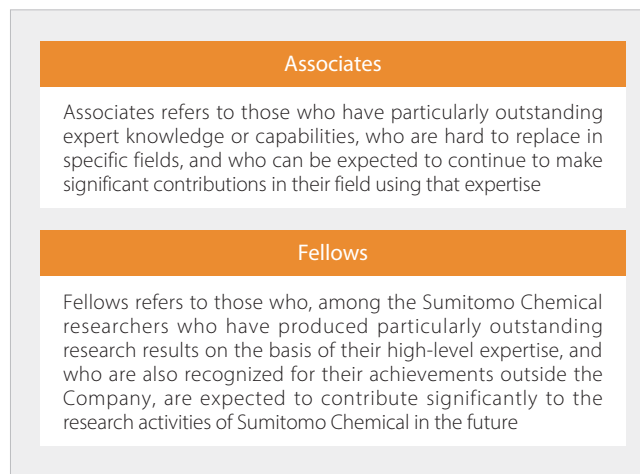
■ CDFs

Field X	A career in which the employee takes on a specified role, while also working on tasks that support the maintenance and development of Sumitomo Chemical's business over the medium- to long-term.
Field Y	A career in which the employee works on tasks that contribute to the development of business as a professional, within a role with a defined scope.
Field Z	A career in which the employee works on a variety of tasks supporting things like the development of new technology and the increasing sophistication and complexity of business.

(2) Careers for Specialists

We offer more than the conventional path, which assumes a largely vertical progression in rank from manager to general manager, and so on. To reflect the need for complex and advanced knowledge in operational and R&D fields, we have introduced a mechanism that provides appropriate compensation so that personnel with a high degree of specialization can unleash their full potential and rack up accomplishments.

■ Careers for Specialists



Internal Side Jobs

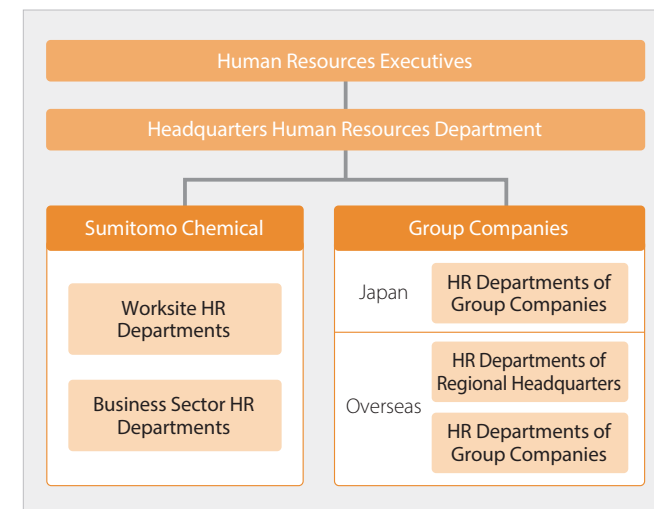
As a system supporting employees' proactive career building, we have taken measures to enable employees to take on in-house jobs of other departments based on their own proposals.

Based on this program, employees are able to experience a wide range of jobs in various business sectors by leveraging our characteristics as a diversified chemicals manufacturer. We introduced this program in fiscal 2023 with the aim of helping them acquire knowledge and expand their perspectives while also helping them find their optimal assignment based on practical experience.

Management System

Under the direction of human resources executives, the Headquarters Human Resources Department works closely with the HR departments of worksites, business sectors, regional headquarters, and Group companies in Japan and overseas to promote and roll out various measures. In addition, employees are rotated through job assignments based on each person's specific training plans while sharing information with the aforementioned HR departments and other departments with corporate functions, such as research, production, and administration.

■ Human Resources Management System



Sumika “Let’s Do This Declaration”

We have set forth a number of important values and views to help our employees find significance and feel pride in working at Sumitomo Chemical in the Sumika “Let’s Do This Declaration,” and we are promoting this initiative so that they can lead healthy and fulfilling lives as employees, both mentally and physically. The initiative is divided into a series of five steps, with each step further broken down into five action items, and we are promoting various measures to support progress. In addition, we established a labor-management committee to promote the Sumika “Let’s Do This Declaration” to ensure that information is shared and opinions are exchanged between labor and management on the progress of initiatives and their direction.

1 Work-life Balance

Aiming to harmonize work and private life to lead fulfilling lives

- ① Stop long working hours!
- ② Create an environment that makes it easy for employees to fully utilize work-life balance systems.
- ③ Encourage employees to take at least 80% of paid leave and facilitate effective use of the flextime system.
- ④ Prohibit business instructions that would require holiday or late-night work.
- ⑤ Cooperative framework in the workplace.

Joint labor and management declaration

▶ P.6

2 Activities by All Employees (DE&I)

Respect and leverage diversity, promote active roles for all, and leave no one behind

- ⑥ Active roles for everyone regardless of gender!
- ⑦ Let’s eliminate preconceptions and assumptions!
- ⑧ Let’s build a hybrid human resource group!
- ⑨ Encourage active roles for people with disabilities.
- ⑩ No harassment!

Joint labor and management declaration

▶ P.9

3 Development and Growth

Development and growth to help our employees and the Company flourish together!

- ⑪ Invest in growth for everyone.
- ⑫ Support the desire to learn.
- ⑬ Study every day, grow every day.
- ⑭ Strive to enhance management capabilities!
- ⑮ Allow people to take on challenges and demonstrate their growth.

Joint labor and management declaration

▶ P.13


4 Healthy Employees

Good health is a prerequisite for good work and a good life!

- ⑯ Revise eating habits, achieve a healthy weight.
- ⑰ Exercise a little and stay healthy forever!
- ⑱ High performance depends on quality sleep.
- ⑲ Smoking does nothing but harm.
- ⑳ Don’t forget to take care of your mental health.

Joint declaration by Company and corporate health insurance association

▶ P.17



Declaring
what we want to cherish

5 How to Proceed with Work

Reasonable, efficient, and creative work by each employee will lead to the improvement of their skills and the growth of the Company.

- ㉑ Always review work goals and methods.
- ㉒ Make the use of digital technologies the default.
- ㉓ Eliminate excessive quality, streamline your work.
- ㉔ Maximize the added value of meetings.
- ㉕ Put customers first!

Company declaration

Action Items

1 Work-Life Balance

We are fostering a work environment where it is easy to work and ensuring each employee feels a deeper sense of fulfillment through work-life balance.

① Stop long working hours!

As a general rule, we aim to eliminate long working hours (on average over 45 hours/month worked after regular hours and on weekends and holidays).

② Create an environment that makes it easy for employees to fully utilize work-life balance systems.

We are working to encourage employees to fully utilize systems for childcare, caregiving, illness treatment, and more, and to create an environment that makes it easy to use those systems.

③ Encourage employees to take at least 80% of paid leave and facilitate effective use of flextime system.

We aim for employees to take at least 80% of paid leave. We also facilitate the effective use of the flextime system for afternoon work (no core time).

④ Prohibit business instructions that would require holiday or late-night work.

As a general rule, we do not delegate or carry out tasks that are predicated on working late-night overtime or on days off, such as an email asking for a reply on a day off.

⑤ Cooperative framework in the workplace.

Supervisors manage subordinates in a way that burdens are not distributed unevenly. Employees carry out tasks with a genuine feeling of cooperation and support in close communication with each other.

2 Activities by All Employees (DE&I)

We aim to activate every single employee through the mutual respect and utilization of diversity.

⑥ Active roles for everyone regardless of gender!

We will ensure anyone can thrive in the workplace and enhance employee capabilities regardless of gender and age.

Relevant KPI:

Achieve at least 15% of employees promoted to managerial positions (equivalent to section manager) being female over the 5 years between FY2023 and FY2027 on average

⑦ Let's eliminate preconceptions and assumptions!

We will eliminate assumptions about the fixed division of roles and unconscious bias, e.g., thinking you have to do something "because I'm a man/woman."

Relevant KPI:

Achieve at least 90% of male employees who have taken either extended childcare leave or other childcare-related leave due to the birth of a child during the current fiscal year.

⑧ Let's build a hybrid human resource group!

We will flexibly incorporate and leverage the different abilities and ideas of diverse human resources to help invigorate the workplace and grow the organization.

⑨ Encourage active roles for people with disabilities.

The Company and Sumika Partners Co., Ltd. have come together to provide an environment where people with disabilities can thrive. Everyone in the workplace offers support as fellow workers.

⑩ No harassment!

Aiming for complete eradication, we will not tolerate any form of harassment, including power harassment, sexual harassment, maternity harassment, paternity harassment, or SOGI* harassment.

* SOGI harassment: harassment related to sexual orientation and gender identity

3 Development and Growth

Through development and growth, we are working to enable employees and the Company to develop.

⑪ Invest in growth for everyone.

We will continue to invest 300,000 yen per person* per year in education for the growth of our employees, who constitute our human capital.

* Direct costs, off-the-job training opportunity costs, on-the-job opportunity costs

⑫ Support the desire to learn.

We offer a learning platform that enables employees to learn and grow for themselves regardless of when they joined the Company or their age.

Relevant KPI:

50% or more of all employees taking self-selected training programs by fiscal 2024

⑬ Study every day, grow every day.

We aim for 10% of work time to be used for training and work study to cultivate more professionals.

⑭ Strive to enhance management capabilities!

We strive to enhance management capabilities, with managerial employees learning every day.

Target 1: 800 or more people taking training courses to enhance management capabilities per year.

Target 2: Receive 80% or higher positive responses to the following questions in the employee opinion survey.

- Supervisors clearly point out issues regarding the achievement of workplace targets.
- Supervisors proactively guide and advise subordinates on how to enhance their capabilities.

⑮ Allow people to take on challenges and demonstrate their growth.

We allow subordinates looking to grow to take on challenges, for example, to try work designated for personnel one rank above their current rank. Subordinates give their all to tackle these new challenges.

4 Healthcare

Under the slogan of “Good health is a prerequisite for good work and a good life!” we are undertaking specific action plans in the five fields of meals, exercise, sleep, quitting smoking, and mental health.

⑩⑥ **Revise eating habits, achieve a healthy weight.**

To prevent lifestyle diseases, all employees should maintain an appropriate BMI (18.5–24.9).

- 100% of employees received specified health guidance and cured their metabolic syndrome through careful guidance.
- Introduced nutritionally balanced dishes at the employee cafeteria.

⑩⑦ **Exercise a little and stay healthy forever!**

Use downtime to exercise regularly every day.

- Establish walking habits (10,000 steps per day).
- Enhance exercise and training environments.
- Everyone should work out together after lunch.

⑩⑧ **High performance depends on quality sleep.**

Improve the quality of your sleep to ensure energy for the next day.

- Thoroughly practice the dos and don'ts of sleep improvement.
- Increase the percentage of people getting enough rest through sleep.

⑩⑨ **Smoking does nothing but harm.**

We ban smoking for the health of ourselves and those around us.

- As a general rule, smoking is banned during work hours and on the Company's premises (including on business trips).
- Participate in programs to support smoking cessation.

⑩⑩ **Don't forget to take care of your mental health.**

Fostering fuller workplace communication and eliminating stress in your own way.

- Supervisors and subordinates should directly communicate with each other at least once a day.
- Practice mindfulness 10 minutes per day.

5 Initiative to Enhance Productivity

By using digital tools and constantly revising work methods, we are enhancing productivity and promoting rational, efficient, and creative work.

⑪① **Always review work goals and methods.**

Do not rely on old ways of thinking. Constantly think of methodologies aligned with this era and work that is currently in demand.

Target 1: Reduce current workload by 10%.

Target 2: Receive 80% or higher positive responses to the following questions in the employee opinion survey.
In my workplace, I can say anything about work without being conscious of my rank, age, gender, or other characteristic

⑪② **Make the use of digital technologies the default.**

Everyone in the Company, from top management to employees, utilizes digital technologies more than ever to create value and revise operations!

Target 1: Everyone takes basic digital education courses.

Target 2: Further improve operational efficiency using digital tools already introduced in-house in the workplace.

Target 3: Encourage the use of ChatSCC, the Company's version of ChatGPT (30% or more of employees continually use it).

⑪③ **Eliminate excessive quality, streamline your work.**

Do not assume too much. Do not hesitate to confirm your partners' intentions and clarify communications in order to stay on track and eliminate excessive quality.

- Superiors clearly point out “what, why, and by when.” Subordinates confirm.
- Report when 30% done.

⑪④ **Maximize the added value of meetings.**

Meetings are for discussion and decision making.

- Target halving the number of meetings and attendees as well as their duration compared with FY2019.

⑪⑤ **Put customers first!**

Aim to increase by 50% the amount of time spent on customer communication and assessing social needs.

Through action items ⑪① to ⑪④, streamline the in-house use of time and labor as much as possible.

Communication with Employees

Sumitomo Chemical and the Sumitomo Chemical Labor Union are working together to solve various issues within a labor-management relationship based on mutual understanding and trust.

We have concluded a labor agreement covering such topics as union members' concerns about human resources, work duties, compensation, disaster compensation, welfare facilities, safety and health, labor-management meetings, and collective bargaining. Based on this agreement, as a place for labor and management representatives to exchange opinions, we hold central labor-management meetings twice a year as well as regional labor-management meetings at each worksite twice a year. In addition, we have established Safety and Health Committees at each worksite to ensure and improve the safety and health of union members.

Furthermore, the Company and labor union have concluded a union shop agreement, ensuring that 100% of general employees at the Company are enrolled in the labor union. The percentage of union employees among all the Company's employees is 69.2%.

Work-Life Balance

Basic Stance

We aim to ensure that each employee feels greater motivation and a deeper sense of fulfillment while promoting a better work-life balance. In addition, we are working to foster a workplace environment where it is easy to work, mainly by introducing a flextime system, utilizing telework, and establishing daycare facilities at worksites.

Management System

In 2010, Sumitomo Chemical established a labor-management committee to promote DE&I (Diversity, Equity, and Inclusion) as well as work-life balance. To this end, the committee has shared information and exchanged opinions in addition to sharing the progress of efforts undertaken by labor and by management.

From 2020, we delegated these functions to the labor-management committee for promoting the Sumika “Let’s Do This Declaration” as we strive to be more constructive.

Targets and Results / Examples of Initiatives

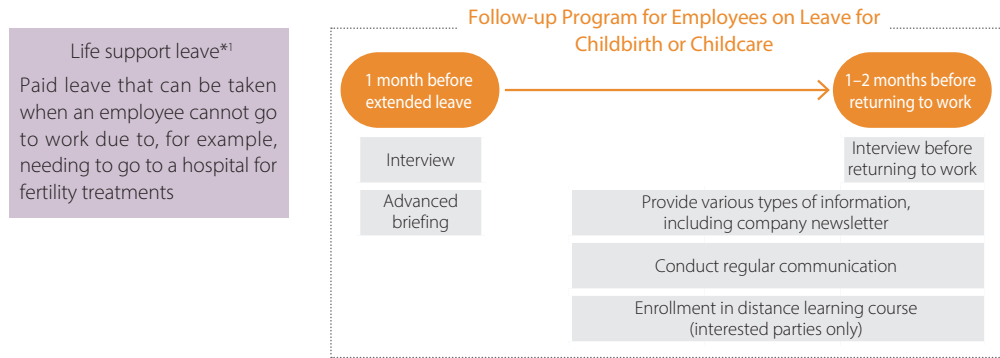
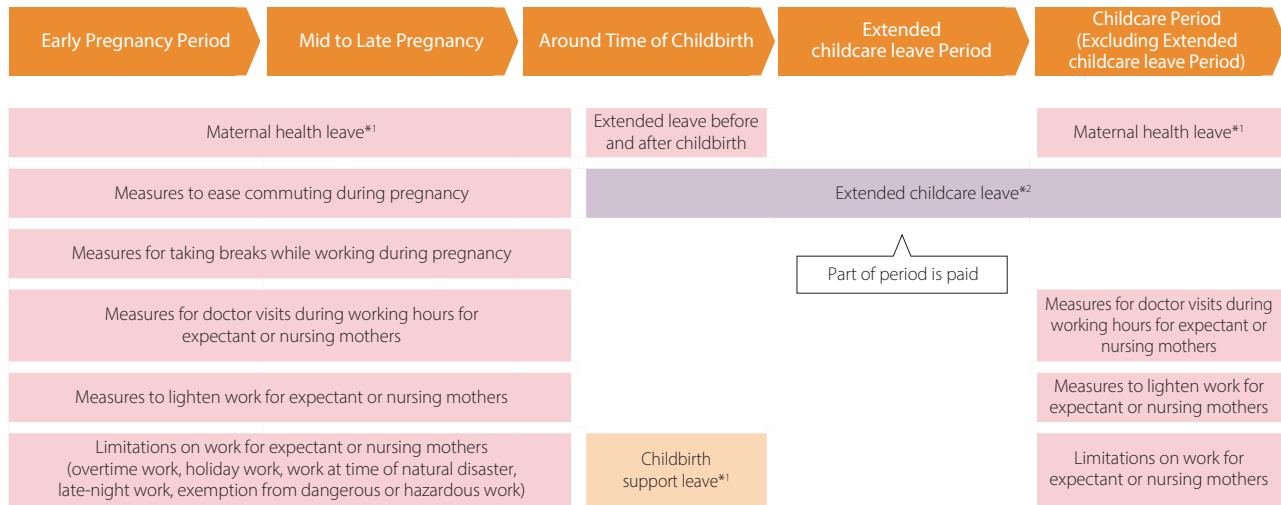
To encourage work-life balance, Sumitomo Chemical established key performance indicators (KPIs) along with three main targets: ① Correct long working hours, ② Encourage employees to take paid annual leave, and ③ Promote flexible workstyles. We implement various measures to achieve these targets.

Measures to Promote Work-Life Balance

	KPI	Measure Details
① Correct Long Working Hours	Aim to eliminate long working hours as a general rule (on average over 45 hours/month worked after regular hours and on weekends and holidays) from fiscal 2020.	<p>A. Enhance productivity by utilizing digital tools Enhance productivity by utilizing digital platforms and tools, automate and enhance efficiency of operations by proactively utilizing robotic process automation (RPA), conduct training for effectively utilizing digital tools, etc.</p> <p>B. Improve productivity by promoting a better work-life balance Regularly convene the Labor-Management Committee consisting of labor and management representatives, take various measures to improve productivity in each workplace, hold lectures to promote better work-life balance, etc.</p> <p>C. Promote initiatives for the Sumika “Let’s Do This Declaration” We declared details related to work-life balance in the Sumika “Let’s Do This Declaration,” which is an initiative in which we proclaim those values and views that are of importance to us as a company. In addition, we have positioned the elimination of long working hours as an action item.</p> <p>D. Appropriately manage working hours and health</p> <ul style="list-style-type: none"> Reduced the upper limit on overtime work from April 2017 (upper limit: 80 hours per month and 720 hours per year) Regarding the occupational physician interviews for people working long hours mandated by the Industrial Safety and Health Act, we have been enforcing our own guidelines, which are more stringent than legally mandated, requiring interviews for people who work 70 hours or more of overtime in one month or 150 hours or more in a three-month period From March 2018, we established an even more appropriate work management system by displaying computer logon and logoff times when reporting work hours, moving away from the existing system for reporting work hours.
② Encourage Employees to Take Paid Annual Leave	Realize an average of 80% of paid leave taken annually from fiscal 2020.	<p>A. Create an annual leave chart that covers several fiscal years Every year create an annual leave chart that covers several fiscal years to make it easier to plan far into the future and help encourage employees to take paid leave.</p> <p>B. Encourage employees to take paid leave</p> <ul style="list-style-type: none"> Encourage employees to take paid leave during Golden Week and other similar periods Encourage employees to create four-day weekends by adding days of paid leave to either side of weekends and promote taking time off in the September–November period Encourage senior employees to take paid leave <p>C. Continue to systematically provide paid leave Systematically provide five paid-leave days every year (does not include statutory leave)</p> <p>D. Promote initiatives under the Sumika “Let’s Do This Declaration” We declared details related to work-life balance in the Sumika “Let’s Do This Declaration,” which is an initiative in which we proclaim those values and views that are of importance to us as a company. In addition, we have positioned the use of 80% of paid leave as an action item.</p>
③ Promote Flexible Workstyles	• Achieve at least 90% of male employees who have taken extended childcare leave or other childcare-related leave due to birth of a child during the current fiscal year*	<p>A. Promote and raise awareness about programs Continually promote and raise awareness about various programs that enable employees to flexibly adjust for their individual needs, including those related to life events like childcare and caregiving. In addition, encourage male employees with newborns to take extended childcare leave.</p> <p>B. Foster an environment that allows the realization of flexible workstyles By taking the measures outlined above in the action plan for ① Correct Long Working Hours, create an environment where it is easy to improve the productivity of employees and their workplaces and to realize flexible workstyles.</p> <p>C. Promote initiatives under the Sumika “Let’s Do This Declaration” We declared details related to work-life balance, DE&I in the Sumika “Let’s Do This Declaration,” which is an initiative in which we proclaim those values and views that are of importance to us as a company. In addition, we have set the following action items: creating an environment that makes it easy for employees to fully utilize work-life balance systems, facilitating the effective use of the flextime system, establishing a cooperative framework in the workplace, and eliminating unconscious bias (including the assumption of fixed roles for men and women).</p>

*In the case of children aged one to three months, calculated as the portion taken by the end of the following fiscal year

Systems and Measures for Better Work-Life Balance and for Use at Time of Pregnancy, Childbirth and Childcare



■ Available to both males and females ■ Available only to females ■ Available only to males

*1 Leave unique to Sumitomo Chemical

*2 The Company's unique program encompassing legally mandated extended leave around the time of childbirth and extended childcare leave

Results of Systems for Work-Life Balance (Sumitomo Chemical)

System/Measure		(No. of people)			
		FY2021	FY2022	FY2023	
Childcare/Nursing Support	Total	524	480	498	
	Extended childcare leave	Male	427	411	423
		Female	97	69	75
	Extended leave for nursing care	1	2	4	
	Nursing care leave	156	184	269	
	Childbirth support leave	174	179	186	
	Maternal health leave	44	34	36	
	Expired accumulated paid leave*1	179	175	189	
	Reduced working hours system	179	173	188	
	Telecommuting*2	131	224	241	
	Reemployment system*3	4	9	0	
In-house childcare facilities*4	125(88)	121(83)	105(73)		
Mutual aid association support money for childcare*5	116	120	96		
Other	Suspension from work for special reasons for employees accompanying spouses going on overseas transfer*6	1	3	4	
	Employee awareness survey*7	—	Conduct	—	

Note: Employee numbers do not include temporary employees, part-time staff, or dispatch employees.

*1 Only for childcare and nursing care

*2 Number certified in each fiscal year (for childcare, nursing care, pregnancy, and other reasons that make coming into work more difficult)

*3 Number registered as of the end of each fiscal year

*4 Number of users on April 1 each fiscal year. Includes users other than Sumitomo Chemical. The figures in parentheses are the number of Sumitomo Chemical users.

*5 Aggregate number of people at end of each fiscal year

*6 Number of applicants as of the end of each fiscal year

*7 Conducted once every three years (slated to be conducted once every two years starting from 2022)

Employee Awareness Survey

Sumitomo Chemical conducts an employee awareness survey that covers work, the working environment, career values, diversity and inclusion, and work-life balance with the principle aim of grasping the current situation and uncovering issues in order to enhance work environments and create more satisfying workplaces. Using the results of this survey, we promote measures to further increase people's desire to work at the Company.

2022 Employee Awareness Survey

- Conducted with indicators unique to those surveyed
- Number of respondents: 6,118, 97% response rate
- Total of five points. Four points and above is a high rating, and many employees were affirmative in their awareness.

Item	Average employee rating
I am motivated to grow on my own using digital technologies.	4.0
The workplace culture allows people to easily go home.	4.1
The working environment is conducive to easily working while raising children or caregiving.	4.0
Going forward, I want to work at the Company.	4.1
In my workplace, there is no discrimination based on gender, age, birthplace, or nationality.	4.0

Daycare Facilities at Worksites

With support from the Company, we encourage the use of these facilities by setting a daycare fee that is lower than those of the municipalities. To make it easy for parents to accompany children to the facilities, we consider the commuting method depending on the location, such as allowing employees to commute using their private vehicles in special cases.

Support for Childbirth and Childcare

For employees to achieve work-life balance, Sumitomo Chemical operates generous systems, for example, it offers a system that allows for a period far longer than is legally required for extended childcare leave (up to 3 years, 11 months) and a system that offers male employees leave to support their spouses during childbirth.

In addition, to support employees' balance of childcare and work, the health insurance association and mutual aid association provide various forms of monetary support for childbirth and childcare, subsidies for home aides, and other help.

Kurumin Mark

In September 2015, Sumitomo Chemical was certified for the third time as a company that supports childcare and received the next-generation Kurumin certification mark. Under this system, business operators who successfully carry out action plans based on the Act on Advancement of Measures to Support Raising Next-Generation Children and meet all the certification criteria receive certification from the Minister of Health, Labour and Welfare.



Next-generation Kurumin certification mark

This certification was in recognition of our third round of initiatives covering the period between June 2012 and March 2015. The first certification covered the period between April 2005 and May 2007, the second one covered the period between June 2007 and May 2012, the third one covered the period between June 2012 and March 2015, and the fourth one covered the period between April 2015 and March 2020. The Company was commended for its initiatives to help promote work-life balance, such as expanding in-house childcare facilities and encouraging employees to take various forms of leave. (We are currently applying for our fifth certification.)

Diversity, Equity, and Inclusion (DE&I)

Basic Stance

Sumitomo Chemical has raised “promotion of diversity, equity, and inclusion (DE&I)” as one of the material issues to be addressed as management priorities based on the Basic Principles for Promoting Sustainability. We have established a Group-wide basic philosophy related to DE&I and are promoting measures in line with the situation of each Group company.

Group Diversity, Equity, and Inclusion Policy

We will promote diversity, equity, and inclusion across the Sumitomo Chemical Group. We understand that a variety of ideas and values among our employees represents a vital resource that forms the foundation of the Sumitomo Chemical Group’s competitiveness. In order to continuously create new value, we will build and enable an inclusive organizational culture that allows us to respect the individuality of each employee and embrace diversity to empower employees in an environment of mutual and close communication.

In addition, we are promoting various initiatives to prevent workplace discrimination and harassment and to ensure that people of all different backgrounds can thrive.

▶ [Respect for Human Rights](#)

▶ [Key Performance Indicators \(KPIs\) for Material Issues: DE&I, development & growth, health](#)

Management System

For management systems for promoting DE&I, refer to the management systems for work-life balance.

▶ [Work-Life Balance: Management System](#)

Targets and Results

To promote DE&I, the Group set specific KPIs centered on basic principles related to DE&I for around 100 of the major Group companies and is promoting relevant measures. Moreover, when setting the KPIs, we established the following three points as Critical Success Factors for the promotion of DE&I.

◆ Critical Success Factors (CSFs)

- (1) Employ and develop diverse human resources, including those at senior management level
- (2) Implement measures to empower diverse human resources
- (3) Enhance diversity and inclusion awareness among managers and employees at all levels, and implement measures to build an inclusive culture that empowers employees

● Sumitomo Chemical (Non-Consolidated): KPIs (FY2023–2027)

Sumitomo Chemical set a new KPI focusing on the promotion rate to managerial positions as a measure that can reflect the total progress of measures to promote the advancement of women, including recruitment, training, promotion, and environmental improvement, in line with the Company’s basic human resources policy of focusing on growth and development from a medium- to long-term perspective.

1. Percentage of employees promoted to managerial positions (equivalent to section manager) being female

Target: Over 15% over the 5 years between FY2023 and FY2027 on average

Result: 29% (FY2023)

2. Percentage of male employees who have taken extended childcare leave or other childcare-related leave due to birth of a child during the current fiscal year.

Target: Over 90%

Result: 97.3% (FY2023)

Progress on the setting of KPIs at Group companies in Japan and Overseas

Many of the KPIs set by Group companies are related to the active promotion and empowerment of women, work-life balance, and diversity regarding nationality, racial background, and age. Going forward, we will continue working with Group companies to promote initiatives aimed at achieving these KPIs.

▶ https://www.sumitomo-chem.co.jp/english/sustainability/files/docs/kpi_diver_group.pdf

Examples of Initiatives

Promoting the Active Advancement of Women

As a part of our DE&I promotion efforts, we are actively taking measures to create an environment where even more women can thrive. Sumitomo Chemical has outlined the following targets in line with the Act on Promotion of Women's Participation and Advancement in the Workplace and is implementing the specific initiatives detailed below.

Sumitomo Chemical Co., Ltd. Action Plan

1. Plan period:

From April 1, 2023 to March 31, 2028

2. Targets, initiative details, and implementation period

Target 1 Achieve at least 15% of employees promoted to managerial positions (equivalent to section manager) being female over the 5 years between FY2023 and FY2027 on average

Initiative Details

• Diversity management training

We hold diversity management training that helps us practice diversity management (leadership, human relations skills) and comprehend unconscious bias.

Eligible employees: Mandatory for all people in positions equivalent to manager or above (managerial employee MGI grade)

• E-learning related to unconscious bias

We hold e-learning training with the purpose of raising awareness and recognition related to overall unconscious bias.

Eligible employees: All employees and management executives

- Internal lectures to help promote diversity, equity, and inclusion
We hold lectures related to the significance of DE&I and the importance of providing growth opportunities through operations.

Eligible employees: All grades equivalent to manager or above (managerial employee MGI grade)

- Dispatching employees mainly to training programs held by outside groups

Regularly dispatch employees mainly to training programs held by outside groups with the purpose of career building, enhancing knowledge and skills, and forming networks with outside groups. (Several employees per year as a general rule.)

Eligible employees: Young female employees

- Conducting career design training

Conduct training to form career image based on balancing work and life for young employees.

Eligible employees: Young employees (grades II and III)

- Implement initiatives for the Sumika "Let's Do This Declaration"

We have positioned promoting the active advancement of women and eliminating unconscious bias as an action item in the Sumika "Let's Do This Declaration," in which we proclaim those values and views of importance to us as a company. To this end, we implement various relevant initiatives.

Target 2 Achieve at least 90% of male employees who have taken extended childcare leave or other childcare-related leave due to birth of a child during the current fiscal year*

Initiative Details

- Implement measures to raise awareness of program details and encourage men to take extended childcare leave

Continuously implement awareness-raising measures related to the Company's various programs to flexibly respond to individual situations, including such life events as childcare and

nursing care. In addition, we implement measures to encourage male employees with newborn children to take extended childcare leave and their supervisors to accommodate them.

Details of Measures

- Male employees with newborn children, as a general rule, plan two or more weeks of extended childcare leave and submit the plan to the human resources department via their manager

- If leave is not taken, the reason is submitted to the human resources department via their manager

- Improve environment to realize flexible workstyles

By utilizing digital tools and work-life balance to enhance productivity, we will further enhance the productivity of workplaces and individuals and foster a workplace environment where flexible workstyles can be easily achieved.

- Take measures to promote use of programs

(1) Through labor-management committee meetings and other meetings, we determine specific user needs and ways to improve various programs. We then use this information to help craft and implement measures to promote greater use of the programs.

(2) In the Sumika "Let's Do This Declaration," in which we proclaim those values and views of importance to us as a company, we have set the following action items: creating an environment that makes it easy for all employees to fully utilize work-life balance systems, including male employees to take extended childcare leave, facilitating the effective use of the flextime system, and establishing a cooperative framework in the workplace. To this end, we have implemented various relevant initiatives.

* Regarding children aged one to three months, calculated for the portion taken as of the end of the following fiscal year.

Diversity Management Training

For workplace managers (manager level employees), who play an essential role in promoting DE&I in the workplace, we conduct training that provides them with necessary management skills in this area. Content includes the management qualities and skills needed to bring together diverse personnel and to foster teamwork and achieve goals as well as how to influence organizational performance.

Encouraging Male Employees to Take Childcare Leave

As a general rule, male employees who have had children plan to take at least two weeks of childcare leave in total and submit plans for such leave. By default, the application assumes that eligible employees will take the childcare leave they are offered; should they decide not to take it, they must state the reason why on the application.

Joining the Ikuboss Corporate Alliance

To support male employees' active participation in childcare, Sumitomo Chemical develops ikubosses.* We are actively working to establish workplace environments where employees easily balance work and private life.

* "Ikuboss" refers to a superior (manager level, including women) who gets results and enjoys their work and private life while supporting subordinates' careers and lives.

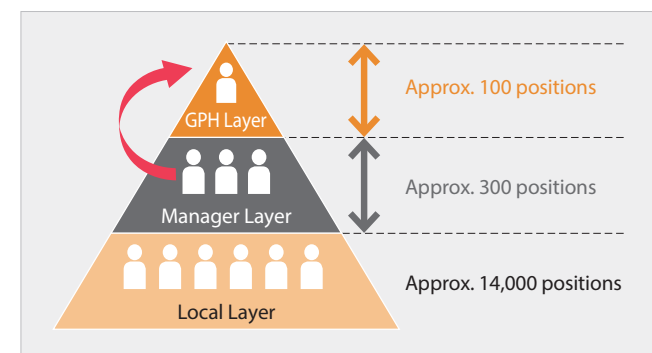
Hiring Personnel with Diverse Skill Sets and Qualities

To secure diverse personnel who support the sustainable growth of the Sumitomo Chemical Group, we encourage the hiring of foreign nationals who have studied abroad in Japan, experienced professionals, and personnel who possess advanced expertise in specific fields. In addition, we conduct proactive hiring activities in science major fields with a low percentage of female students and are working to raise the percentage of female employees hired.

Promoting the Utilization and Advancement of Global Personnel

To enhance personnel who support the global business development of each Group company, Sumitomo Chemical has introduced a personnel system common to Sumitomo Chemical managerial employees for managers at overseas Group companies. In addition, we actively hire local employees for senior management positions at overseas Group companies and appoint global position holders (GPHs), providing them with opportunities for advancement and personnel training that include learning about our corporate philosophy.

Overseas Human Resources Pipeline (Local employees at overseas Group companies)



Utilization of Personnel Beyond Borders

	(People)
	FY2023
Dispatched from Sumitomo Chemical to an overseas Group company	Around 130
Dispatched from an overseas Group company to Sumitomo Chemical	Around 50

Note: As of March 31, 2024

Promoting the Hiring of Persons with Disabilities

To help realize a society where the employment of persons with disabilities is normalized, Sumitomo Chemical works to hire such individuals. In August 2017, we established Sumika Partners Co., Ltd.* to support the increased participation of persons with disabilities in society and to provide employment opportunities to persons with disabilities who want to work. This company actively hires persons with intellectual and mental disabilities. It has established a support system to enable employees with disabilities to thrive at work in their own way, such as by assigning one leader for every four persons with disabilities.

Going forward, we will continue working with Sumika Partners to provide an environment where persons with disabilities can thrive.

* In March 1, 2018, Sumika Partners acquired certification from the Minister of Health, Labour and Welfare as a special subsidiary based on the Handicapped Persons' Employment Promotion Act.

Sumika Partners Co., Ltd. (Japanese only)

<https://www.sumika-partners.co.jp/>

Equal Pay for Equal Work

In line with the main purpose of the revised Part-time and Fixed-term Employment Act and the Worker Dispatching Act—ensuring equal pay for equal work—we set wages for part-time employees, fixed-term employees, and employees dispatched to the Company. Going forward, we will provide explanations to eligible employees upon demand.

■ Achievements in DE&I (Sumitomo Chemical)

Name	Concept	FY2021	FY2022	FY2023
Number of women in positions equivalent to manager or above*1	In order to promote the success of female employees, Sumitomo Chemical sets quantitative targets regarding the ratio of women in positions equivalent to sectional manager or above and systematically promotes female employees.	139	194	182
Percentage of women in positions equivalent to sectional manager or above (%)*1		7.0	9.5	9.4
Employment rate for people with disabilities (%)*2	Sumika Partners Co., Ltd., a special subsidiary, began operations in April 2018, and we are working to expand employment opportunities for persons with disabilities who are motivated to work, including at Group companies in Japan that have received approval as special affiliated companies.	2.56	2.54	2.56
Reemployment of retiree rate (%)*3	Sumitomo Chemical has established a retiree reemployment system that enables a variety of workstyles while appropriately reflecting the motivation and abilities of each person.	91.2	93.8	88.0

Note: Results include staff assigned to other companies but do not include staff assigned from other companies.

*1 FY2021–2022: As of April 1 of the following fiscal year; FY2023: As of March 31 of fiscal year

*2 As of June 1 of each fiscal year

Group companies that have received approval as special affiliated companies:

FY2021: Group companies in Japan: 6, FY2022: Group companies in Japan: 8, FY2023: Group companies in Japan: 9

*3 As of March 31 of each fiscal year

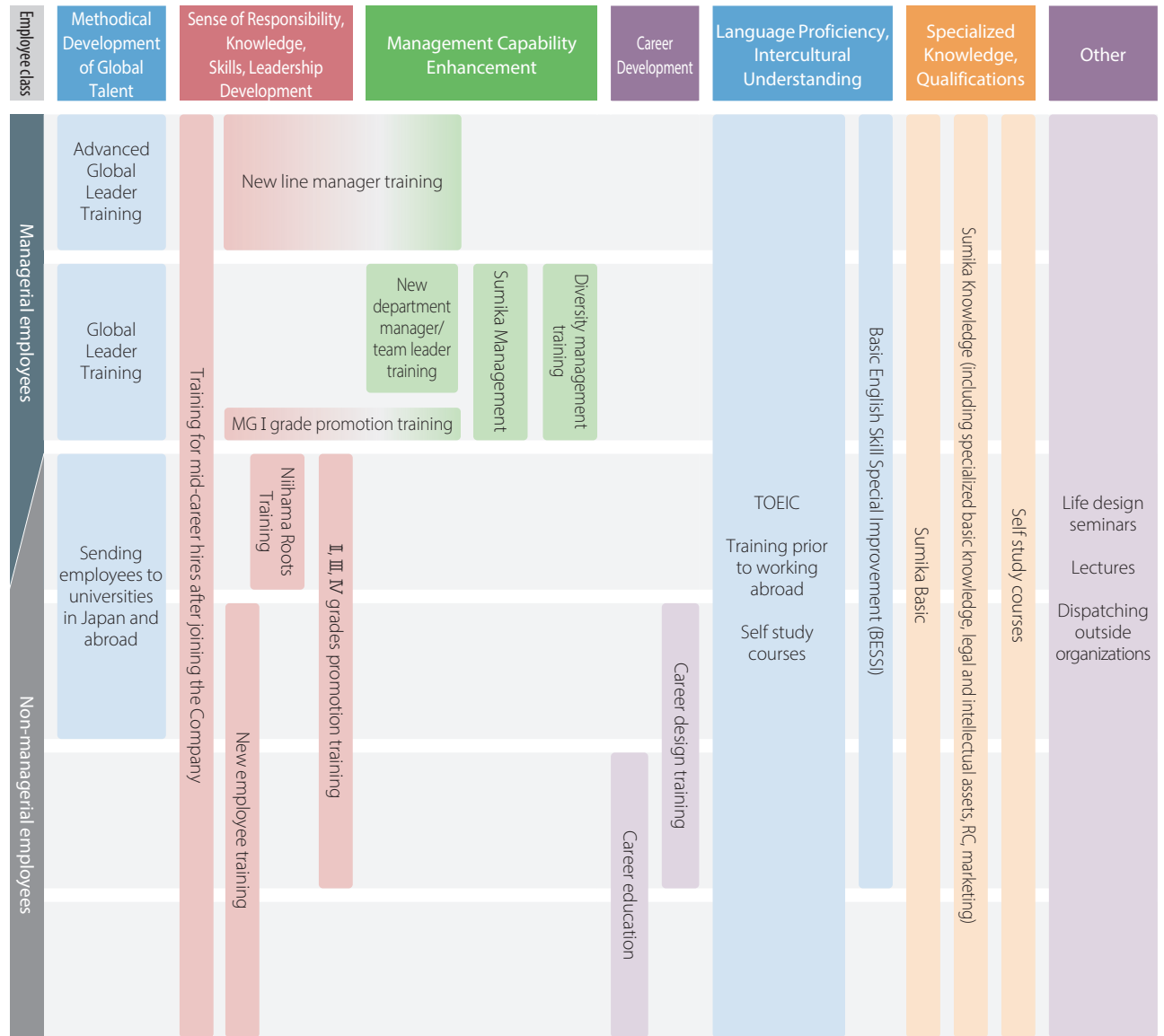
Human Resources Development and Growth

Basic Stance

We are implementing various training programs and measures for different purposes and employee classes to realize our current human resources system, the basic philosophy of which is “development and growth.”

Specifically, we are developing all motivated and skilled employees and enhancing their capabilities by upgrading our training system to ensure alignment with positions and roles. Education includes class-based training, management skills enhancement training for managers, and programs to enhance language skills appropriate to global business development.

Organization of Training Programs



Note: The Company conducts in-house training courses in the areas of compliance, human rights, sustainability, and health maintenance and improvement

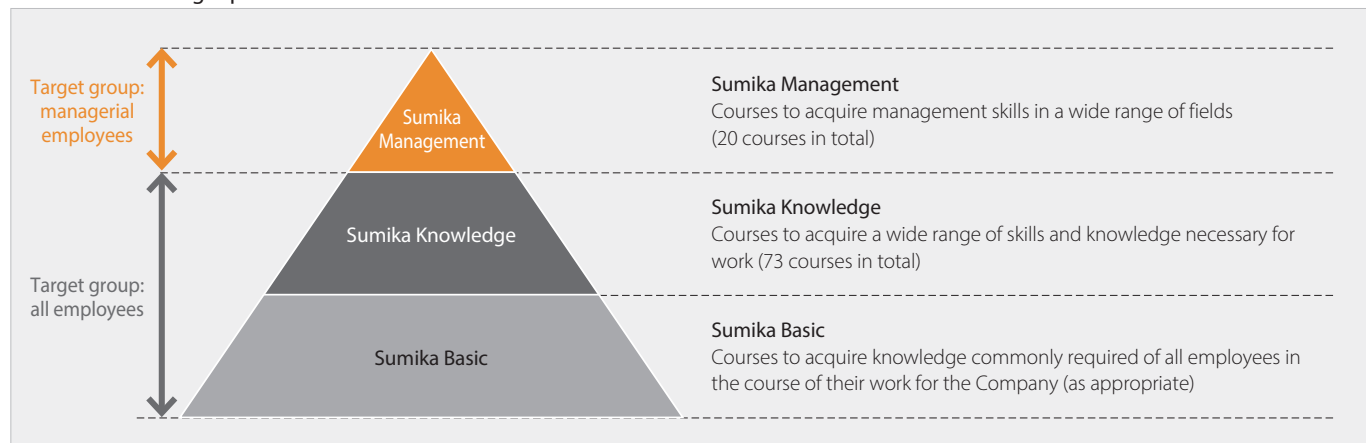
Targets and Results / Examples of Initiatives

Since FY2022, we have provided a learning platform called the SUMIKA Learning Square to enable all employees to update their knowledge and skills as and when necessary, regardless of their age, job title, or other such factors, thereby supporting autonomous and voluntary learning.

Moreover, in recent years, in addition to the aforementioned training systems and programs, to support the independent career building of all motivated and skilled employees, we are focusing on online programs that enable learning on smartphones and PCs with the slogan “whenever, wherever, and however many times.”

Specifically, we offer a broad range of content open to all employees, including a comprehensive MBA curriculum spanning business basics to practical application, DX skills training, leadership training programs, an online language learning program for English and eight other languages, and an online English business writing course, and other programs. We are also working to raise the level of and strengthen the knowledge, skills, and language abilities of employees in global business development.

SUMIKA Learning Square



KPI

Target: 50% or more of all employees taking self-selected training programs by FY2024

Result: 39.4% (FY2023)

Investment in Training (Sumitomo Chemical)

FY2023

Results

Approx.

350,000 yen/year per person

Target

300,000 yen/year per person or more continuously

Time Spent on Training (Sumitomo Chemical)

FY2023

Results

Approx.

139 hours/year per person
(8% of regular working hours)

Target

Aim to spend 10% of work time on training or studying for work

Methodical Development of Senior Management Candidates

Sumitomo Chemical is carrying out a staged training program in human resource development for employees both in Japan and at overseas Group companies, in order to discover and develop next-generation leaders in a systematic way, emphasizing the creation of Global Leaders who can take on the role of core management.

(1) Advanced Global Leader Training

In our Advanced Global Leader Training for general managers inside and outside of Japan, we instill management perspectives and insights among participants through lectures and discussions featuring the Company's executive officers and external experts.

(2) Global Leader Training

In Sumitomo Chemical's Global Leader Training for managerial employees both inside and outside of Japan, Sumitomo Chemical has worked with a graduate school of business with the goal of developing the employees' ability to propose and conceptualize business strategies. They decide on their own topics and provide advice on the content of these specific initiatives to the President and others in management.

Next-Generation Leader Development System



Training for Development of Global Talent (for select participants)

Name	Approach	FY2021	FY2022	FY2023
Development of Global Talent	In order to create global leaders who will play a central role in management and to develop talent that supports our global business operations, we systematically conduct various training programs.			
(1) Advanced Global Leader Training	The purpose of our global leader training program is to develop senior management. The program focuses on lectures and discussion.	—	13	10
(2) Global Leader Training	Our global leader training program focuses on action learning.	27	14	14

FY2023 Results

Participants **24**
 Average time **66** hours per person
 (breakdown: 22 men, 2 women)

Management Skills Enhancement Training

We are conducting a training program to provide managers with the ability to guide their own organization and thus achieve their goals through the learning of general principles and practical skills needed for workplace management.

■ Management Skills Enhancement Training (required for all eligible employees)

Name	Approach	(No. of people)		
		FY2021	FY2022	FY2023
Management basic training	Training that promotes the systematic understanding of basic management principles and enables the practice of skills that can be used in the workplace	237	184	175
New department manager/ team leader training	Training for developing and guiding subordinates as well as managing workplaces from the perspective of risk management, including the authority of management supervisors in the Labor Standards Act	86	65	68
MG I grade promotion training	Training for management-level employees aimed at fostering self-awareness regarding their roles and occupational duties along with cultivating strong self-actualization and at changing their mindsets as organizational leaders	158	126	111
Training for new line managers	Training that depicts scenarios for transforming organizations and deepening knowledge through learning aimed at instilling the knowledge and perspectives needed in a general manager	—	25	34
Training in communicating with subordinates	Training on feedback methods used to develop subordinates and ensure understanding of basic communication policies	183	55	69
Diversity management training	Training covering management capabilities, including how to influence organizational performance, and the management qualities and skills needed to gather diverse personnel and guide them on teamwork and achieving goals	219	269	83

FY2023 Results

Participants **540** Average time **15** hours per person

System for Passing on Skills and Developing Personnel

We have established a Trainer System, a Senior Training Advisor System, and an Advanced Maintenance Specialist System with the main aim of steadily passing on skills essential to the manufacturing frontlines and developing future core personnel.

■ System for Passing on Skills and Developing Personnel

Name	Approach	(No. of people)		
		FY2021	FY2022	FY2023
Trainer System	Highly skilled employees who have an aptitude for teaching provide instruction and advice to facilitate development.	64	58	65
Senior Training Advisor System	Supervisors and potential supervisors are provided OJT to develop core personnel for manufacturing departments.	8	8	9
Advanced Maintenance Specialist System	This system certifies people who have high practical knowledge and a wealth of experience in maintaining equipment to take the Company's safety level to the next level.	—	20	21

Enhancing R&D Capabilities (Sumitomo Chemical Academy)

This Company-wide seminar discusses technical issues related to the Company's businesses beyond the organizational framework and serves as a forum in which people can gain new ideas, knowledge, and perspectives aimed at realizing solutions. The seminar is also intended to provide fertile soil for innovation and the development of human resources. In FY2023, we held workshops on the five themes of fine chemicals, materials, life science, process engineering, and process systems, encompassing the Company's technical fields. Specialists with a top level of expertise in fields such as research and development served as the chair and vice chair of the workshops. Taking place over a period of about nine months, we worked to share and blend diverse and highly specialized expertise in order to nurture and highlight the emergence of useful ideas with the potential of leading to the development and creation of new businesses.

Healthcare

Basic Stance

To ensure that employees can live healthy and active lives both physically and mentally, Sumitomo Chemical is promoting a variety of health support programs to help solve employee health issues and on the other hand improve employee health.

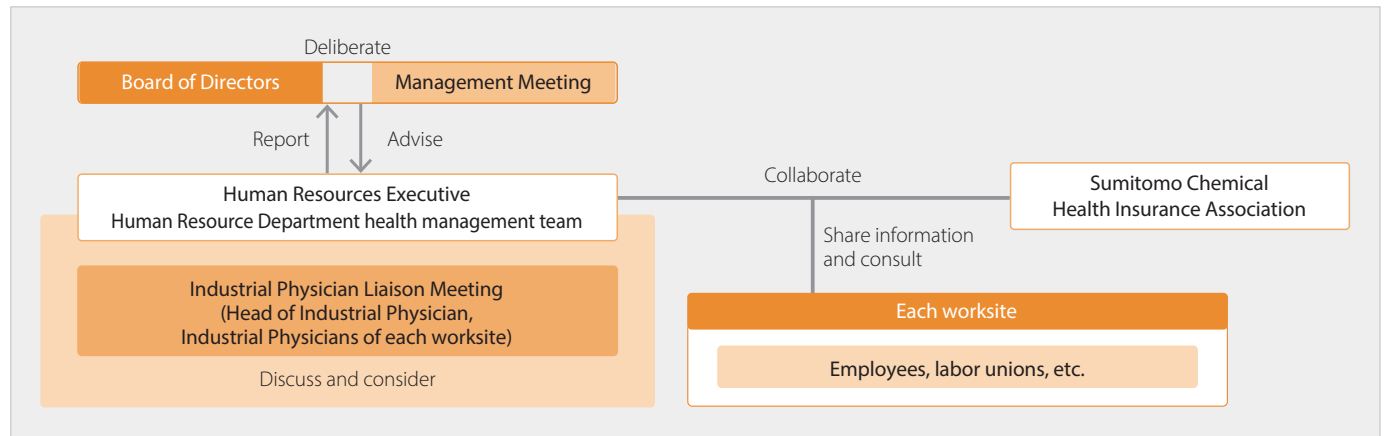
Management System

The Board of Directors and the Management Meeting seize opportunities to receive reports and hold discussions on the status of employee health and the direction of initiatives addressing various issues. At the annual liaison meeting of industrial physicians, the head of industrial physician and the industrial physicians of each worksite hold discussions and their opinions are being sought when deciding on Company-wide measures and targets. Moreover, the industrial physicians, medical staff (public health nurses, registered nurses, etc.), and health managers of each worksite work together to implement measures to maintain and promote employee health in collaboration with the Company and the Health Insurance Association.

Furthermore, at Health Manager Meetings, the progress of Company-wide measures at each worksite and the measures taken at each worksite are shared and the results are assessed. The Health Management Promotion Committee shares financial status of the Health Insurance Association's healthcare business and medical expenses.

As for Group companies, through liaison meetings encompassing executive officers in charge of human resources at Group companies, we announce such information as key points regarding legal amendments related to health management and disseminate information to ensure appropriate responses.

Promotion System for Health Maintenance and Promotion Measures



Targets and Results / Examples of Initiatives

To maintain employee health both physically and mentally, we are implementing the following initiatives.

Physical Health

Regarding employees of Group companies in Japan, we are working to improve their health by enrolling them in health insurance based on the Health Insurance Act. In addition, we are appropriately conducting regular health checkups based on the Industrial Safety and Health Act.

Initiatives Aligned with the Health Insurance Association

(1) Specified health checkups and specified health guidance

- We expanded the eligible age range for specified health guidance to include all ages as we work to prevent lifestyle diseases with the goal of ensuring 100% of employees receive such guidance.
- We analyze results and medical questionnaire responses to study employee health.

(2) Smoking cessation support programs

- We have banned smoking during work hours and on the Company's premises as a general rule and are supporting employees' smoking cessation efforts through specialized programs in conjunction with the Health Insurance Association.

Initiatives Promoted by Sumitomo Chemical (Non-Consolidated)

(1) Sleep improvement programs

- We introduced programs to improve sleep quality under the guidance of experts who use sleep monitoring devices to observe employees while sleeping and apps to visualize their sleeping issues. Ensuring employees get better sleep leads to improved health outcomes and helps employees give their best performance.

(2) Enhancing exercise and physical training environments

- We are promoting embedding of exercise habits by providing more and better opportunities for exercise, including increasing the number of physical training facilities we partner with (increased from approx. 420 facilities to approx. 5,800 throughout Japan).

Mental Health

We have been cooperating with medical staff to properly perform the stress checks required by law for companies. We are working to prevent mental health problems by encouraging employees to take care of themselves and encouraging superiors to look after their subordinates. Employees can receive counseling from the Company's medical staff. We have also set up external counseling services available to employees for individual counseling.

We also carry out group analysis through stress checks, and while analyzing trends at worksites and workplaces, we provide feedback to workplaces and select themes for lectures, etc., in an effort to provide mental healthcare to our employees.

Additionally, during the new employee training and the grade-based promotion training, we hold appropriate mental healthcare training for participants eligible for training, encouraging employees to take care of themselves and encouraging superiors to look after their subordinates. Besides, we produced lecture videos on mindfulness, which is said to contribute to building good human relationships and increasing productivity, and released them in-house as part of our efforts to improve the mental healthcare environment.

■ KPI

Target: Continuing certification as a Health & Productivity Management Outstanding Organization (White 500)

Result: Maintained certification over the past 7 years since fiscal 2017 (June 2024)

Health & Productivity Management Outstanding Organization (White 500)

After analyzing medical examination results and questionnaire responses, we set quantifiable targets, such as improving BMIs, and take various measures to maintain and promote employee health.

In addition, Sumitomo Chemical was certified as a Health & Productivity Management Outstanding Organization (White 500) for the seventh year in a row. The Company's various measures and systems related to health and productivity management received a positive evaluation.



■ Percentage of regular health checkups*

FY2023 **99.6%**
Previous year 99.2%

■ Percentage receiving a full medical checkup*

FY2022 **56.4%**
Previous year 67.0%

■ Adequacy rate of BMI*

FY2023 **66.9%**
Previous year 67.4%

■ Smoking rate*

FY2023 **16.1%**
Previous year 16.0%

■ Percentage receiving specific health guidance*

FY2022 **89.1%**
Previous year 83.8%

Note: 40 years old and over

■ Stress check examination rate*

FY2023 **97.3%**
Previous year 94.0%

■ Participation in health events*: (Walking events)

FY2023 **46.6%**
Previous year 41.7%

* All figures are on SC only basis.